

Michigan Community College Risk Management Authority

**Financial Report
with Supplemental Information
June 30, 2006**

Michigan Community College Risk Management Authority

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Independent Auditor's Report

To the Board of Directors
Michigan Community College
Risk Management Authority

We have audited the accompanying statement of net assets of the Michigan Community College Risk Management Authority (the "Authority") as of June 30, 2006 and the related statements of revenue, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Michigan Community College Risk Management Authority at June 30, 2006 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Michigan Community College Risk Management Authority's basic financial statements. The accompanying other supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

July 26, 2006

Michigan Community College Risk Management Authority

Management's Discussion and Analysis

As management of the Michigan Community College Risk Management Authority (the "Authority"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the audited financial statements, which immediately follow this section.

Using this Annual Report

The Authority administers a risk management fund that provides members with loss protection for general and auto liability, motor vehicle physical damage, and property. The Authority functions primarily as a claims servicer for members and as a purchasing agent for the acquisition of reinsurance. This annual report consists of a series of financial statements. The statement of net assets and the statement of revenue, expenses, and changes in net assets provide information about the financial activities of the Authority. This is followed by the statement of cash flows, which presents detailed information about the changes in the Authority's cash position during the year.

Financial Overview

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and supplemental information.

The Authority's activity is maintained in two funds, the Member General Fund and the Stop-loss Fund. The basic financial statements, which follow this section, provide both long-term and short-term information about the Authority's financial status. These basic financial statements report information about the Authority using the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America. The three basic financial statements presented are as follows:

- **Statement of Net Assets** - This statement presents information reflecting the Authority's assets, liabilities, and fund net assets.
- **Statement of Revenue, Expenses, and Changes in Net Assets** - This statement reflects the operating and nonoperating revenue and expenses for the previous two fiscal years. Operating revenue consists of member contributions, with the major sources of operating expenses being claims and claims adjustment expenses, general and administrative expenses, and reinsurance costs. Nonoperating revenue consists primarily of investment income.
- **Statement of Cash Flows** - The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

Michigan Community College Risk Management Authority

Management's Discussion and Analysis (Continued)

Condensed Financial Information

The financial statements report the Authority's net assets and how they have changed. Net assets (the difference between the Authority's assets and liabilities) is one way to measure the Authority's financial health, or position. Over time, increases or decreases in the Authority's fund net assets are an indicator of whether its financial health is improving or deteriorating, respectively. Summarized financial information is as follows:

Net Assets	June 30		Changes in Fund Net Assets	Year Ended June 30	
	2006	2005		2006	2005
	(in thousands)			(in thousands)	
Total assets	\$ 10,887	\$ 9,621	Total revenue	\$ 4,173	\$ 3,816
Total liabilities	8,731	7,682	Total expenses	3,957	3,704
Net assets	\$ 2,156	\$ 1,939	Increase in net assets	\$ 216	\$ 112

In addition to fund net assets, when assessing the overall health of the Authority, the reader needs to consider other nonfinancial factors such as the legal climate in the state, the general state of the financial markets, and the level of risk prevention undertaken by the Authority and its members.

The Authority cannot control the first two factors. However, since its inception, the Authority has been a leader in implementing aggressive risk prevention programs. Outside consultants work with members in developing and implementing training in many areas specific to community colleges.

Condensed Comparative Financial Highlights

- Overall, members' funds on deposit increased by \$864,000 (13.2 percent) from \$6,565,000 to \$7,429,000.
- The Stop-loss Fund increased by approximately \$216,000 (11.1 percent) from \$1,940,000 to \$2,156,000.
- Total stop-loss and claims servicing revenues increased by \$332,000 (8.8 percent) from \$3,752,000 to \$4,084,000.
- Stop-loss claim payments, net of reinsurance and stop-loss fund recoveries, decreased by \$34,000 from \$353,000 to \$319,000.
- Outside reinsurance increased by \$279,000 from \$2,893,000 to \$3,172,000.

Michigan Community College Risk Management Authority

Management's Discussion and Analysis (Continued)

- Investment income of \$485,000 was earned this year as compared to \$308,000 in the prior year, which was an increase of \$177,000. Of the \$485,000 earned this year, \$395,000 and \$90,000 was credited to members' funds on deposit and the Stop-loss Fund, respectively.

Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments comprise the most significant numbers in the asset section of the Authority's balance sheet.

Accordingly, the Authority uses investment and other consultants to manage their stock and bond portfolios. The consultants must adhere to investment guidelines established by the Authority's board of directors. Investment results are reviewed by the board of directors on a quarterly basis.

Reserves

The Authority, as an entity, carries no risk and therefore has no reserves. The Authority receives an annual letter from an actuary confirming that no reserves are required.

Budgetary Highlights

The budget for the year ended June 30, 2006 was approved by the board of directors, based on stop-loss and members' funds on deposit activity, at their July 2005 meeting. There were no subsequent changes to that budget.

	Budgeted	Actual	Variance
Revenue	\$ 4,862,158	\$ 4,881,182	\$ 19,024
Expenses:			
Liability reinsurance	1,443,695	1,443,695	-
Property reinsurance	1,648,481	1,648,481	-
Auto physical damage reinsurance	10,382	10,382	-
Stop-loss Fund transfer	445,498	445,498	-
State-mandated fees	51,972	55,711	3,739
Operating expenses	532,669	480,332	(52,337)
Total expenses	4,132,697	4,084,099	(48,598)
Total available for members' loss funds	\$ 729,461	\$ 797,083	\$ 67,622

Michigan Community College Risk Management Authority

Management's Discussion and Analysis (Continued)

Capital Assets

The Authority contracts out all of its operational and treasury functions and, consequently, does not own any capital assets.

Economic Factors

- The Authority's revenue base increased by 9.5 percent as a result of an increase in existing members' revenue.
- Reinsurance costs and member exposures are expected to increase moderately for the 2007 fiscal year.

All these factors were considered in preparing member contribution projections for the 2007 fiscal year.

Contacting the Authority's Management

This financial report is designed to provide our members, customers, and the general public with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Authority's office at 14001 Merriman Road, Livonia, Michigan 48154. The telephone number is (734) 513-0300.

Michigan Community College Risk Management Authority

Statement of Net Assets

June 30, 2006

(with comparative amounts at June 30, 2005)

	Member General Fund	Stop-loss Fund	Total June 30	
			2006	2005
Assets				
Cash and cash equivalents (Note 3)	\$ 1,717,323	\$ -	\$ 1,717,323	\$ 1,323,492
Investments (Note 3)	6,848,431	2,155,978	9,004,409	8,222,573
Accrued interest receivable	79,650	-	79,650	75,100
Receivables from reinsurers	76,082	-	76,082	-
Pending trades	9,439	-	9,439	-
Total assets	<u>\$ 8,730,925</u>	<u>\$ 2,155,978</u>	<u>\$ 10,886,903</u>	<u>\$ 9,621,165</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 1,249	\$ -	\$ 1,249	\$ -
Reinsurance premiums payable	17,413	-	17,413	8,090
Pending trades	-	-	-	13,200
Advance contributions received	1,283,743	-	1,283,743	1,095,762
Members' funds on deposit (Note 4)	7,428,520	-	7,428,520	6,564,574
Total liabilities	8,730,925	-	8,730,925	7,681,626
Net Assets - Restricted	<u>-</u>	<u>2,155,978</u>	<u>2,155,978</u>	<u>1,939,539</u>
Total liabilities and net assets	<u>\$ 8,730,925</u>	<u>\$ 2,155,978</u>	<u>\$ 10,886,903</u>	<u>\$ 9,621,165</u>

Michigan Community College Risk Management Authority

Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2006

(with comparative amounts for year ended June 30, 2005)

	Member General Fund	Stop-loss Fund	Total Year Ended June 30	
			2006	2005
Member Contributions	\$ 3,638,603	\$ 445,498	\$ 4,084,101	\$ 3,752,435
Risk Management, Underwriting, and Other Expenses				
Risk management fees	217,360	-	217,360	213,958
Other professional services	82,900	-	82,900	76,535
Meeting and other expenses	21,978	-	21,978	25,846
Total risk management, underwriting, and other expenses	322,238	-	322,238	316,339
Net Contributions Available for Claims and Related Expenses	3,316,365	445,498	3,761,863	3,436,096
Claims and Related Expenses				
Claims paid - Net of subrogation receipts and reinsurance recoveries	-	318,780	318,780	353,358
Reinsurance expense	3,172,358	-	3,172,358	2,893,374
Claims service fees	144,007	-	144,007	140,892
Total claims and related expenses	3,316,365	318,780	3,635,145	3,387,624
Excess of Revenue Over Expenses - Before investment gain	-	126,718	126,718	48,472
Investment Gain	-	89,721	89,721	63,678
Excess of Revenue Over Expenses	-	216,439	216,439	112,150
Net Assets - Beginning of year	-	1,939,539	1,939,539	1,827,389
Net Assets - End of year	<u>\$ -</u>	<u>\$ 2,155,978</u>	<u>\$ 2,155,978</u>	<u>\$ 1,939,539</u>

Michigan Community College Risk Management Authority

Statement of Cash Flows Year Ended June 30, 2006

(with comparative amounts for year ended June 30, 2005)

			Total	
			Year Ended June 30	
	Member General Fund	Stop-loss Fund	2006	2005
Cash Flows from Operating Activities				
Cash received from members	\$ 4,618,646	\$ 445,557	\$ 5,064,203	\$ 4,740,509
Cash payments for claims - Net of recoveries	(252,658)	(318,780)	(571,438)	(724,580)
Cash payments to suppliers for goods and services	(3,802,891)	-	(3,802,891)	(3,406,386)
Net cash provided by operating activities	563,097	126,777	689,874	609,543
Cash Flows from Investing Activities				
Interest and dividend income	338,114	-	338,114	282,035
Proceeds from sale of investments	2,292,912	564,827	2,857,739	1,127,300
Purchase of investments	(2,800,292)	(691,604)	(3,491,896)	(1,996,635)
Net cash used in investing activities	(169,266)	(126,777)	(296,043)	(587,300)
Net Increase in Cash and Cash Equivalents	393,831	-	393,831	22,243
Cash and Cash Equivalents - Beginning of year	1,323,492	-	1,323,492	1,301,249
Cash and Cash Equivalents - End of year	<u>\$ 1,717,323</u>	<u>-</u>	<u>\$ 1,717,323</u>	<u>\$ 1,323,492</u>
Reconciliation of Excess of Revenue Over Expenses to Net Cash from Operating Activities				
Excess of revenue over expenses	\$ -	\$ 216,439	\$ 216,439	\$ 112,150
Investment income	(396,131)	(89,662)	(485,793)	(298,521)
Change in assets	(80,632)	-	(80,632)	(1,852)
Change in liabilities	175,914	-	175,914	226,798
Increase in members' funds on deposit	863,946	-	863,946	570,968
Net cash provided by operating activities	<u>\$ 563,097</u>	<u>126,777</u>	<u>\$ 689,874</u>	<u>\$ 609,543</u>

Michigan Community College Risk Management Authority

Notes to Financial Statements June 30, 2006

Note 1 - Nature of Entity

The Michigan Community College Risk Management Authority (the "Authority") was established in July 1985 pursuant to laws of the State of Michigan, which authorize community colleges to exercise jointly any power, privilege, or authority that each might exercise separately. The purpose of the Authority is to administer a risk management fund that provides the present members with loss protection for general and auto liability, motor vehicle physical damage, and property (see Note 5).

Note 2 - Significant Accounting Policies

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents - Cash equivalents are defined as highly liquid investments purchased with an original maturity of less than three months. The Authority's cash and cash equivalents include bank deposits and money market funds.

Investments - Investments in U.S. government securities, corporate bonds, and certificates of deposit with an original maturity at time of purchase of one year or less are stated at amortized cost. All other investments are recorded at fair value, based on quoted market prices or management's estimates.

Accounts Receivable - Accounts receivable are stated at invoice amounts. An allowance for doubtful accounts is recognized based on a specific assessment of member balances that remain unpaid. The allowance is determined based on management's estimate of the amounts recoverable from each member. Amounts deemed to be uncollectible are written off in the period that determination is made. No such allowance was deemed necessary at June 30, 2006.

Statement of Net Assets Classification - All Authority assets are liquid and no Authority liabilities have maturity dates in excess of one year. Accordingly, no amounts are presented as noncurrent on the Authority's statement of net assets.

Fund Accounting - To observe limitations and restrictions placed on the use of resources available, the accounts are maintained in accordance with principles of fund accounting. The following major proprietary funds are maintained and presented in the accompanying financial statements:

Michigan Community College Risk Management Authority

Notes to Financial Statements June 30, 2006

Note 2 - Significant Accounting Policies (Continued)

Member General Fund

This fund consists of those economic resources contributed by the members that are expendable for operational items such as risk management, underwriting, reinsurance, and claims service expenses. Members' funds on deposit are available to pay amounts necessary to settle claims incurred and are refundable to members subject to certain limitations and upon approval by the board of directors. Should any member's funds on deposit become insufficient to fund that member's claims, additional contributions would be assessed to that member.

The Authority functions primarily as a claims servicer for members and as a purchasing agent for the acquisition of reinsurance. The Stop-loss Fund provides only a minor amount of risk sharing or pooling of risks among the member colleges (see Stop-loss Fund below). The Authority itself carries no risk; accordingly, no reserve for future claims has been provided in the Member General Fund. The Authority recognizes member contributions as revenue only to the extent of its servicing expenses. All contributions in excess of servicing expenses are allocated to members' funds on deposit.

Stop-loss Fund

The Stop-loss Fund represents earnings accumulated by the Authority for the purpose of funding an internal stop-loss program. Internal stop-loss contributions were initiated in order to reduce the need to purchase reinsurance for aggregate losses paid. Generally, losses exceeding \$15,000 per occurrence or \$45,000 in the aggregate on a year-to-year basis are paid from the Stop-loss Fund. Occurrence and aggregate limits have been established for each member college based on historical loss experience. At any time, if the Stop-loss Fund is insufficient to fund these member losses, the remaining liability shall become the full responsibility of the membership, and the board of directors shall invoice the membership based on each member's contribution to total contributions. The board of directors may declare a dividend to be paid from the Stop-loss Fund in the event that the fund balance is determined to be sufficient to do so.

Michigan Community College Risk Management Authority

Notes to Financial Statements June 30, 2006

Note 2 - Significant Accounting Policies (Continued)

Member Contributions - Member contributions are recognized as revenue in the year to which they apply. These contributions are determined in accordance with the terms of the joint exercise of powers agreement and are adjusted annually for expenses, loss reserve, and exposure changes of the member and payments made in excess of the member's net contribution account. The board of directors may suspend or reduce member contributions in the event that the members' funds on deposit and fund balance are determined to be sufficient to do so. Members may elect to contribute amounts in excess of the contribution as determined above; such amounts are recognized as an increase to members' funds on deposit when received.

Members' Funds on Deposit - A member's proportionate share of funds on deposit is equal to the contributions paid by the member supplemented by investment earnings thereon less operating expenses allocated to the member. Certain expenses (including losses incurred, reinsurance premiums, and manager fees) are allocated according to the actual costs incurred for each member; investment income and other expenses are allocated on a basis determined by the joint exercise of powers agreement.

Withdrawal from Membership - Any member may withdraw from the Authority at the end of any fiscal year by giving at least 60 days' notice in writing of his or her desire to withdraw. A member withdrawing from the Authority while having a positive balance in his or her net contribution account may withdraw such funds less projected allocated claims expenses. Any member withdrawing from the Authority having a negative balance in his or her net contribution account shall repay the Authority such negative balance and claims expense incurred. At the request of the withdrawing member, the Authority shall continue to service any pending claim, and the member shall reimburse the Authority for claims expenses incurred. Reinsurance coverage shall not be afforded a withdrawing member for claims not serviced by the Authority.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Michigan Community College Risk Management Authority

Notes to Financial Statements June 30, 2006

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; corporate bonds rated investment grade by Moody's Investors Service, Inc. (or Standard & Poor's Corporation); certificates of deposits of institutions which are members of the FDIC; bankers' acceptances of United States banks with rates no less than the two highest ratings which mature not more than 180 days after the date of purchase; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; equity investments that consist of common stock traded on the New York Stock Exchange, American Stock Exchange, Principal Regional Exchanges, or Over-the-Counter Securities Market (NASDAQ); and mutual funds if the stated objectives of the fund are consistent with the investment objectives set forth above.

The Authority's investments are registered in the Authority's name. The Authority has designated one bank for the deposit of its funds.

The overall asset mix of the fund, measured by market value, shall be as follows:

	<u>Maximum</u>	<u>Minimum</u>	<u>Target</u>
Equities	55%	45%	50%
Fixed income	55%	45%	50%

Michigan Community College Risk Management Authority

Notes to Financial Statements June 30, 2006

Note 3 - Deposits and Investments (Continued)

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the Authority's deposits for custodial credit risk. At year end, the deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$1,751,406. Of that amount, \$100,000 was covered by federal depository insurance and \$1,651,406 was uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity, and bank acceptances, which can only be purchased with a 180-day maturity. The Authority's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and by investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools.

Michigan Community College Risk Management Authority

Notes to Financial Statements June 30, 2006

Note 3 - Deposits and Investments (Continued)

At June 30, 2006, the Authority had the following investments:

Investment Type (Comerica Defined)	Market Value (Excluding Accruals)	Years
U.S. government agencies and asset backed	\$ 873,001	3
Corporate	4,444,568	4
Foreign corporate	85,608	17
Common and preferred stock	<u>3,601,232</u>	N/A
Total fair value	<u>\$ 9,004,409</u>	

Portfolio Weighted Avg Maturity 4

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Authority has an investment policy that prohibits the following investments: short sales, put and call options strategies, margin purchase, commodities (futures), securities of the investment manager or its parent corporation including proprietary funds, direct investment in tangible assets such as real estate, oil and gas, precious metals, private placements, and venture capital financing.

At June 30, 2006, the credit quality ratings of debt securities, without regard to investment type, are as follows:

Rating	Fair Value
AAA	\$ 1,286,979
AA	991,928
A	2,802,052
BB	254,168
NR	68,050
N/A	<u>3,601,232</u>
Total	<u>\$ 9,004,409</u>

The rating organization used by the Authority to rate its investments is Standard & Poor's.

Michigan Community College Risk Management Authority

Notes to Financial Statements June 30, 2006

Note 4 - Change in Members' Funds on Deposit

During the year ended June 30, 2006, the members' funds on deposit account reflected the following activity:

Members' funds on deposit - July 1, 2005	\$ 6,564,574
Total member contributions	4,881,182
Investment gain	395,603
Transfers to Stop-loss Fund	(445,498)
Claims paid - Net of subrogation and reinsurance recoveries	(328,740)
Treaty reinsurance purchased for members	(3,172,358)
Risk management, underwriting, claims service, and other expenses	<u>(466,243)</u>
Members' funds on deposit - June 30, 2006	<u>\$ 7,428,520</u>

Note 5 - Reinsurance

The Authority has entered into specific reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the members. Each member is liable for the portion reinsured to the extent that any reinsurer does not meet the obligations for claims assumed under the reinsurance agreements. To minimize the members' exposure to significant losses from reinsurer insolvencies, the Authority evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers.

Michigan Community College Risk Management Authority

Notes to Financial Statements June 30, 2006

Note 5 - Reinsurance (Continued)

Reinsurance coverage is provided to members as follows for the 2005-2006 insurance periods:

Line of Coverage	Member Deductible	Authority's Specific Retention	Coverage Limit
Property	\$ 1,000	\$ 100,000	To the limits required
Automobile physical damage:			
Per vehicle	500	10,000	\$ 300,000
Per occurrence	N/A	10,000	650,000
Liability and other	-	100,000	15,000,000

The Authority has paid claims net of reinsurance recoveries and subrogation receipts for the year ended June 30, 2006 as follows:

Claims paid	\$ 734,112
Reinsurance recoveries	<u>(86,592)</u>
Net claims paid	647,520
Paid by Stop-loss Fund	<u>(318,780)</u>
Claims paid by members' funds on deposit	<u>\$ 328,740</u>

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

Note 6 - Federal Income Taxes

The Authority is a self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. This law allows community colleges to provide joint funding for risk management and self-insurance purposes. In the opinion of management and legal counsel, the Authority is a governmental agency and, as such, no provision for federal income taxes is required.

Other Supplemental Information

Michigan Community College Risk Management Authority

Schedule of Changes in Members' Funds on Deposit - By Member Year Ended June 30, 2006

Member	Risk Management, Underwriting, Reinsurance, Claims Service																
	Members' Funds on Deposit		Total Member Contributions		Transfer to Stop-loss Fund		Fees, and Other Expenses		Net Claims Paid		Total Contributions Over (Under) Expenses		Contributions and Other Income Over (Under) Expenses		Members' Funds on Deposit		
	July 1, 2005		Contributions		Fund		Expenses		Paid		Expenses		Gain		June 30, 2006		
	\$		\$		\$		\$		\$		\$		\$		\$		
Alpena	192,803		121,623		(10,915)		(87,666)		-		23,042		11,296		34,338		227,141
Bay de Noc	193,854		107,404		(11,139)		(90,585)		-		5,680		9,597		15,277		209,131
Delta	162,244		374,883		(33,680)		(258,442)		(6,316)		76,445		15,674		92,119		254,363
Glen Oaks	201,595		84,193		(7,524)		(59,172)		-		17,497		11,565		29,062		230,657
Henry Ford	315,578		316,901		(28,732)		(245,522)		(42,938)		(291)		19,222		18,931		334,509
Kalamazoo	349,639		318,850		(28,819)		(230,922)		(19,642)		39,467		22,137		61,604		411,243
Lake Michigan	141,941		221,209		(19,942)		(164,289)		(22,359)		14,619		10,440		25,059		167,000
Macomb	848,540		686,241		(61,765)		(530,599)		(35,884)		57,993		52,082		110,075		958,615
Mid-Michigan	423,551		113,702		(10,182)		(83,266)		(387)		19,867		21,754		41,621		465,172
Monroe	346,650		140,280		(12,624)		(103,009)		(6,096)		18,551		18,962		37,513		384,163
Montcalm	267,072		90,783		(8,176)		(61,108)		(2,774)		18,725		14,953		33,678		300,750
Muskegon	13,690		153,493		(13,760)		(112,934)		(17,000)		9,799		2,616		12,415		26,105
North Central	247,210		98,257		(8,855)		(69,174)		-		20,228		14,368		34,596		281,806
Northwestern Michigan	204,669		290,361		(25,955)		(205,832)		(55,559)		3,015		11,387		14,402		219,071
Oakland	480,013		661,433		(64,295)		(526,952)		(25,601)		44,585		36,017		80,602		560,615
Schoolcraft	285,737		269,257		(24,052)		(185,673)		(26,801)		32,731		15,092		47,823		333,560
Southwestern Michigan	254,366		121,710		(10,897)		(85,456)		(11,144)		14,213		14,002		28,215		282,581
St. Clair	295,833		165,421		(14,870)		(120,821)		(23,594)		6,136		16,811		22,947		318,780
Wayne County	1,015,759		439,312		(39,821)		(341,405)		(26,860)		31,226		66,452		97,678		1,113,437
West Shore	323,830		105,869		(9,495)		(75,774)		(5,785)		14,815		11,176		25,991		349,821
Total	\$ 6,564,574		\$ 4,881,182		\$ (445,498)		\$ (3,638,601)		\$ (328,740)		\$ 468,343		\$ 395,603		\$ 863,946		\$ 7,428,520